Today, Chairman Nancy Johnson (R-CT) and Ranking Member Pete Stark (D-CA), of the House Ways and Means Health Subcommittee, released a GAO report that documents the need for modernization of Medicare's Information Technology (IT) systems.

"The consequence of failing to improve Medicare's IT environment is significant," according to the GAO report. "At stake is the continuation of Medicare's ability to ensure that beneficiaries receive services to which they are entitled, pay health care providers accurately and efficiently, and protect taxpayers from unnecessary spending."

Chairman Johnson said, "We must embrace the potential of modern-day information technology to achieve better health care for seniors. Medicare urgently needs 21st-century technology, and GAO provides us with an excellent road map. The adoption of modern IT systems will facilitate implementation of the data transaction standards required under the Health Insurance Portability and Accountability Act (HIPAA), and enable Medicare to work more efficiently with providers."

Ranking Member Stark, who requested the report, added, "This GAO report confirms what I have been saying for quite some time– Medicare's information systems are a disgrace. Congress should immediately increase funding to modernize Medicare's IT systems, and make sure that they are properly managed. The glaring inadequacies noted in GAO's report should be a wake-up call to all of us."

GAO found that Medicare's major systems are aged and many are incompatible with one another. Despite concerted efforts by officials at the Centers for Medicare and Medicaid Services (CMS), resource gaps have slowed improvements to IT systems.

To address these problems, GAO recommends that Congress provide adequate multi-year funding to maintain existing IT systems and replace them with modernized ones. This funding should be provided in a separate, dedicated account that is available upon a showing of improved IT management by CMS.

To view the GAO report, please visit www.gao.gov and select GAO Reports. Medicare: Information Systems Modernization Needs Stronger Management and Support GAO-01-824 was published on November 14.